

BANK INDONESIA REGULATION
NUMBER: 6/21/PBI/2004
CONCERNING
STATUTORY RESERVES IN RUPIAHS AND FOREIGN CURRENCY
FOR COMMERCIAL BANKS CONDUCTING BUSINESS BASED ON
SHARIA PRINCIPLES

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas it is essential to safeguard the stable condition of the national economy, among others by maintaining monetary stability;
 - b. whereas monetary stability can be achieved through control over the money supply, exercised among others by regulation of banking liquidity including establishment of statutory reserves;
 - c. whereas it is necessary for the applicable regulation of statutory reserves to be adjusted to the condition of banking liquidity from time to time;
 - d. now therefore it is deemed necessary to enact new provisions in replacement of former provisions concerning statutory reserves in rupiahs and foreign currency for commercial banks conducting business based on sharia principles.

- In view of:
- 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette Number 3472), as amended by Act Number 10 of

1998 (State ...

1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette Number 3790);

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette Number 4357);

HAS DECREED:

To enact: THE BANK INDONESIA REGULATION CONCERNING STATUTORY RESERVES IN RUPIAHS AND FOREIGN CURRENCY FOR COMMERCIAL BANKS CONDUCTING BUSINESS BASED ON SHARIA PRINCIPLES.

CHAPTER I GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Bank” is a Commercial Bank as defined in Article 1 number 3 of Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998, conducting business based on sharia principles and including any bank and branch office of a foreign bank conducting conventional business and also conducting business based on sharia principles;
2. “Foreign

2. "Foreign Exchange Bank" is a Bank issued a letter of appointment from Bank Indonesia to conduct banking business in foreign currency;
3. "Sharia Division", hereinafter referred to as UUS, is a unit in the head office of a commercial bank conducting conventional business that functions as the head office for sharia branch offices and/or sharia units, or a unit in a branch office of a foreign bank conducting conventional business that functions as the head office for sharia sub-branch offices and/or sharia units;
4. "Bank Deposit Funds", hereinafter referred to as "Deposits" are the liabilities of a Bank to residents and non-residents in rupiahs and foreign currency;
5. "Bank Financing", hereinafter referred to as Financing, is assets held by the Bank in the form of *mudharabah* financing, *musyarakah* financing, receivables, and *ijarah*;
6. "Statutory Reserves" are the minimum deposits that must be maintained by a Bank in the form of demand deposit account balance at Bank Indonesia, the amount of which is stipulated by Bank Indonesia as a specified percentage of Deposits;
7. "Demand Deposit Account" is an account for specified external parties at Bank Indonesia, used as a facility for administration of transactions in which funds on deposit may be drawn at any time;
8. "Demand Deposit Account in Rupiahs", hereinafter referred to as Rupiah Account, is a Demand Deposit Account in the rupiah currency against which funds may be drawn by means of Bank Indonesia Check, Bank Indonesia *Bilyet Giro* (non-negotiable clearing instrument), or other instrument as referred to in the applicable Bank Indonesia regulations concerning Operation of Demand Deposit Accounts at Bank Indonesia by External Parties;
9. "Demand Deposit Account in Foreign Currency", hereinafter referred to as Foreign Currency Account, is a Demand Deposit Account in foreign currency against which funds may be drawn by means of bookkeeping transfer ...

transfer or other instrument as referred to in the applicable Bank Indonesia regulations concerning Operation of Demand Deposit Accounts at Bank Indonesia by External Parties;

10. “Interbank Money Market Based on Sharia Principles”, hereinafter referred to as PUAS, is short-term investment activity in rupiahs among market participants based on the *mudharabah* principle;
11. “Indicated PUAS Rate of Return” is the weighted average indicated rate of return on interbank *mudharabah* investment certificates formed on the PUAS, recorded on the PIPU;
12. “Interbank *Mudharabah* Investment Certificate”, hereinafter referred to as IMA Certificate, is a certificate used as an instrument for raising funds under the *mudharabah* principle;
13. “Money Market Information Center”, hereinafter referred to as PIPU, is an automated system providing information that includes but is not limited to the rupiah and forex money market and other information pertaining to financial markets for members, customers, and Bank Indonesia, as referred to in the applicable Bank Indonesia regulations concerning the Money Market Information Center.

Article 2

- (1) Banks are required to maintain Statutory Reserves in rupiahs.
- (2) A Foreign Exchange Bank, in addition complying with the provision referred to in paragraph (1), is also required to maintain Statutory Reserves in foreign currency.

Article 3

- (1) Statutory Reserves in rupiahs to be maintained by each Bank as referred to in Article 2 paragraph (1) are stipulated at 5% (five percent) of Deposits in rupiahs.
- (2) In addition

- (2) In addition to complying with the provision referred to in paragraph (1), any Bank with a rupiah Financing to rupiah Deposit ratio of less than 80% and:
- a. holding Deposits in excess of Rp 1,000,000,000,000 (one trillion rupiahs) and up to Rp 10,000,000,000,000 (ten trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs in the amount of 1% (one percent) of Deposits in rupiahs;
 - b. holding Deposits in excess of Rp 10,000,000,000,000 (ten trillion rupiahs) and up to Rp 50,000,000,000,000 (fifty trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs in the amount of 2% (two percent) of Deposits in rupiahs;
 - c. holding Deposits in excess of Rp 50,000,000,000,000 (fifty trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs in the amount of 3% (three percent) of Deposits in rupiahs.
- (3) Any Bank:
- a. with a rupiah Financing to rupiah Deposit ratio equal to or greater than 80%; and/or
 - b. holding Deposits in rupiahs of up to Rp 1,000,000,000,000 (one trillion rupiahs);
- is exempted from the additional requirement for Statutory Reserves as referred to in paragraph (2).

Article 4

Statutory Reserves in foreign currencies as referred to in Article 2 paragraph (2) are stipulated at 3% (three percent) of Deposits in foreign currency.

Article 5

The percentage of Statutory Reserves as referred to in Article 3 paragraph (1) and paragraph (2) and in Article 4 may be adjusted from time to time, taking into account the condition of the economy and the policy direction of Bank Indonesia.

CHAPTER II

DEMAND DEPOSIT ACCOUNTS OF BANKS AT BANK INDONESIA

Article 6

- (1) Each Bank is required to operate a Rupiah Account at Bank Indonesia.
- (2) A Foreign Exchange Bank, in addition to the requirement for operating a Rupiah Account as referred to in paragraph (1), is also required to operate a Foreign Currency Account at Bank Indonesia.
- (3) The procedure for bookkeeping, deposit, withdrawal, and closure of Rupiah Accounts and Foreign Currency Accounts of Banks as referred to in paragraph (1) and paragraph (2) shall be determined on the basis of the applicable Bank Indonesia regulations concerning Operation of Demand Deposit Accounts at Bank Indonesia by External Parties.

Article 7

Bank Indonesia shall not pay demand deposit interest on the requirement for operation of Rupiah Accounts and Foreign Currency Accounts at Bank Indonesia as referred to in Article 6 paragraph (1) and paragraph (2).

CHAPTER III

PROCEDURE FOR MAINTENANCE AND CALCULATION OF STATUTORY RESERVES

Article 8

- (1) Banks shall maintain Statutory Reserves on a daily basis.
- (2) The requirement for maintenance of Statutory Reserves as referred to in Article 3 paragraph (1) and paragraph (2) and in Article 4 shall be calculated by comparing the total balance of the Demand Deposit Accounts of the Bank at Bank Indonesia each day during one reporting period with the daily average Deposits during 1 (one) reporting period 2 (two) reporting periods previously.

(3) Information

- (3) Information on Deposits as referred to in paragraph (2) shall be obtained from the data on Deposits submitted by the Bank to Bank Indonesia under the Bank Indonesia regulations concerning Commercial Bank Periodic Reports.
- (4) Information on the balance of the Demand Deposit Accounts of the Bank at Bank Indonesia as referred to in paragraph (2) shall be obtained from the Bank Indonesia accounting system.
- (5) The provisions referred to in paragraph (1) and paragraph (2) are applicable to Statutory Reserves in rupiahs and Statutory Reserves in foreign currency.

Article 9

The balance of Demand Deposit Accounts of a Bank at Bank Indonesia as referred to in Article 8 paragraph (2) shall in each case consist of:

- a. the balance of the Rupiah Account of the Bank at Bank Indonesia;
- b. the balance of the Foreign Currency Account of the Bank at Bank Indonesia.

Article 10

- (1) Deposits as referred to in Article 8 paragraph (2) consist of:
 - a. total Deposits in rupiahs at all offices of the Bank in Indonesia;
 - b. total Deposits in foreign currency at all offices of the Bank in Indonesia.
- (2) Deposits in rupiahs encompass liabilities in rupiahs to non-bank third parties, both resident and non-resident, and consist of:
 - a. demand deposits;
 - b. time deposits;
 - c. savings deposits; and
 - d. other liabilities.
- (3) Deposits in foreign currency encompass liabilities in foreign currency to non-bank third parties, both resident and non-resident, and consist of:

a. demand

- a. demand deposits;
- b. time deposits; and
- c. other liabilities.

CHAPTER IV

PROCEDURE FOR CALCULATION OF RUPIAH FINANCING TO RUPIAH DEPOSIT RATIO

Article 11

- (1) The ratio of rupiah Financing to rupiah Deposits shall be calculated by comparing total rupiah Financing to rupiah Deposits at the end of the reporting period 2 (two) reporting period previously.
- (2) Information on rupiah Financing and rupiah Deposits as referred to in paragraph (1) shall be obtained from data on Financing and Deposits submitted by the Bank to Bank Indonesia in accordance with the Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

CHAPTER V

REPORTING

Article 12

Banks are required to submit regular reports on Deposits and weekly balance sheet items in rupiahs and foreign currency to Bank Indonesia as stipulated in the Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

CHAPTER VI

SANCTIONS

Article 13

A Bank shall be deemed in non-compliance with Statutory Reserves if the daily balance of the Demand Deposit Account of the Bank at Bank Indonesia is smaller than the daily balance of the Demand Deposit Account of the Bank that must be maintained ...

maintained for compliance with Statutory Reserves as referred to in Article 3 paragraph (1) and paragraph (2), and Article 4.

Article 14

- (1) In the event of non-compliance with Statutory Reserves in rupiahs as referred to in Article 13 and the Rupiah Account of the Bank has a positive balance, the Bank shall be liable to a financial penalty of 125% (one hundred and twenty-five percent) of the Indicated PUAS Rate of Return on the day of non-compliance in respect of the shortfall in Statutory Reserves in rupiahs, for each day of non-compliance.
- (2) In the event of non-compliance with Statutory Reserves in rupiahs as referred to in Article 13 and the Rupiah Account of the Bank has a negative balance, the Bank shall be liable to a financial penalty in the amount of:
 - a. 125% (one hundred and twenty-five percent) of the Indicated PUAS Rate of Return on the day of non-compliance in respect of the required Statutory Reserves in rupiahs; plus
 - b. 150% (one hundred and fifty percent) of the Indicated PUAS Rate of Return on the day of non-compliance in respect of the negative balance, for each day of non-compliance.

Article 15

If data on the Indicated PUAS Rate of Return as referred to in Article 14 is unavailable, imposition of sanctions shall be calculated on the basis of the average rate of return on 1 (one) month *mudharabah* investment deposits prior to distribution during the previous month for all Banks.

Article 16 ...

Article 16

- (1) In the event of non-compliance with Statutory Reserves in foreign currency as referred to in Article 13, the Bank shall be liable to a financial penalty of 0.04% per working day, calculated on the difference between the daily balance that must be maintained in the Foreign Currency Account of the Bank at Bank Indonesia and the daily balance of the Foreign Currency Account of the Bank recorded in the Bank Indonesia accounting system.
- (2) The financial penalty referred to in paragraph (1) shall be settled in the rupiah currency at the Bank Indonesia transaction exchange rate on the day of non-compliance.

Article 17

- (1) The financial penalty referred to in Article 14 and Article 16 shall be imposed by debiting of the Rupiah Account of the Bank at Bank Indonesia.
- (2) Debiting of a Rupiah Account of a Bank as referred to in paragraph (1) shall take place on the following working day after non-compliance.
- (3) If at the time of debiting as referred to in paragraph (2) the Rupiah Account of the Bank has insufficient balance, the entire financial penalty shall be treated as an outstanding liability to be settled by the Bank with Bank Indonesia.
- (4) In respect of the difference between the balance of the Rupiah Account of the Bank and the financial penalty, the Bank shall be liable to an additional financial penalty of 150% (one hundred and fifty percent) of the Indicated PUAS Rate of Return.
- (5) If data on the Indicated PUAS Rate of Return as referred to in paragraph (4) is unavailable, the financial penalty shall be calculated according to the provisions referred to in Article 15.

Article 18

Article 18

In addition to imposition of sanctions as referred to in Article 14 and Article 16, a Bank failing to comply with the Statutory Reserves requirement as referred to in Article 3 paragraph (1) and paragraph (2), and/or Article 4, shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

CHAPTER VII

CONCLUDING PROVISIONS

Article 19

With the enactment of this Bank Indonesia Regulation, Bank Indonesia Regulation Number 2/7/PBI/2000 dated February 23, 2000, concerning Statutory Reserves in Rupiahs and Foreign Currency for Commercial Banks Conducting Business Based on Sharia Principles (State Gazette of the Republic of Indonesia Number 22 of 2000, Supplement to the State Gazette Number 3935 of 2000) is revoked and declared no longer valid.

Article 20

This Bank Indonesia Regulation shall come into force on September 1, 2004.

Enacted in Jakarta

August 3, 2004

THE GOVERNOR OF BANK INDONESIA

Signed

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 73 OF
2004

DPbS

ELUCIDATION TO
BANK INDONESIA REGULATION
NUMBER: 6/21/PB1/2004
CONCERNING
STATUTORY RESERVES IN RUPIAHS AND FOREIGN CURRENCY FOR
COMMERCIAL BANKS CONDUCTING BUSINESS BASED ON SHARIA
PRINCIPLES

I. GENERAL REVIEW

The creation of monetary stability, among others by inflation control, is essential to the creation of stable conditions in the economy.

Inflation control is conducted among others by maintaining equilibrium in supply of money to demand for money appropriate to economic conditions and the future direction of the economy. One monetary instrument that can be employed by Bank Indonesia in maintaining equilibrium in demand and supply of money is the control of banking liquidity through the application of statutory reserves, which comprises a ratio between the demand deposit balance that a bank is required to hold at Bank Indonesia and the deposits held by the bank.

In view of the dynamic nature of economic conditions, the application of the statutory reserves policy may be adjusted from time to time in keeping with the policy direction of Bank Indonesia.

In view of differences in operational characteristics of commercial banks conducting business based on sharia principles compared to commercial banks conducting conventional business, the provisions concerning statutory reserves for commercial banks conducting business based on sharia principles must always take account of these operational characteristics and compliance with *fiqh* principles.

II. Article

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Paragraph (1)

The Statutory Reserves requirement for each Bank represents one means of controlling the money supply in order to fulfill the tasks of Bank Indonesia in achieving and maintaining monetary stability.

Paragraph (2)

The Statutory Reserves requirement for each Bank represents one means of controlling the money supply in order to fulfill the tasks of Bank Indonesia in achieving and maintaining monetary stability.

Article 3

Paragraph (1)

Compliance with this Statutory Reserves requirement is irrespective of the ratio of rupiah Financing to rupiah Deposits and the total Deposits in rupiahs held by the Bank.

Paragraph (2)

Letter a

For example:

The Bank has a ratio of rupiah Financing to rupiah Deposits of 75% and total rupiah Deposits of Rp 5,000,000,000,000 (five trillion rupiahs).

The Bank is required to maintain Statutory Reserves in rupiahs in the amount of: a. 5%

- a. 5% (five percent) of Rp 5,000,000,000,000 (five trillion rupiahs); plus
- b. 1% (one percent) of Rp 5,000,000,000,000 (five trillion rupiahs).

Letter b

For example:

The Bank has a ratio of rupiah Financing to rupiah Deposits of 75% and total rupiah Deposits of Rp 25,000,000,000,000 (twenty-five trillion rupiahs).

The Bank is required to maintain Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 25,000,000,000,000 (twenty-five trillion rupiahs); plus
- b. 2% (two percent) of Rp 25,000,000,000,000 (twenty-five trillion rupiahs).

Letter c

For example:

The Bank has a ratio of rupiah Financing to rupiah Deposits of 75% and total rupiah Deposits of Rp 55,000,000,000,000 (fifty-five trillion rupiahs).

The Bank is required to maintain Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000 (fifty-five trillion rupiahs).

Paragraph (3)

Self-explanatory.

Article 4

Article 4

Self-explanatory.

Article 5

Self-explanatory.

Article 6

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Concerning the maintenance of Statutory Reserves in foreign currency at Bank Indonesia, funds may only be deposited into and withdrawn from the Foreign Currency Account of the Bank by bookkeeping transfer by means of SWIFT or standard internal slips at Bank Indonesia on the basis of a telex or transfer order issued by the Bank.

If a Bank deposits foreign currency by bookkeeping transfer through an overseas correspondent bank, the Bank shall order the correspondent bank to debit its demand deposit account in favor of the Bank Indonesia account at the Federal Reserve Bank of New York, New York (FRB). Bank Indonesia shall thereafter credit the Foreign Currency Account of the Bank at value date against the SWIFT or Bank Indonesia standard internal slip on the basis of a telex from the holder of the Demand Deposit Account no later than 14.00 hours Jakarta time on the value date. If the crediting of the Bank Indonesia account at the FRB takes place after the notified value date, Bank Indonesia shall charge for the delay. The charge

shall be

shall be debited from the Rupiah Account of the Bank at Bank Indonesia with reference to the Fed Funds Rate and the Bank Indonesia USD/IDR selling rate on the day at which the funds are credited.

Withdrawal from a Foreign Currency Account of a Bank may only be made by means of SWIFT or telex. A request for withdrawal from a Foreign Currency Account of a Bank may be processed if the request is received by Bank Indonesia no later than 2 (two) working days prior to the value date.

Fees incurred for these transactions shall be charged to the Rupiah Account of the Bank at Bank Indonesia.

Article 7

Self-explanatory.

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

The formula for calculation of percentage of Statutory Reserves is as follows:

Daily balance of the Demand Deposit Account of the Bank recorded at
Bank Indonesia each day during 1 (one) reporting period

Average daily Deposits of the Bank during 1 (one) reporting period 2 (two)
reporting periods previously.

The percentage of the Statutory Reserves of the Bank in rupiahs or foreign currency as referred to above shall be based on the Deposits of the Bank as follows: a. the daily

- a. the daily Statutory Reserves for the reporting period from the 1st day through the 7th day of the month is the stipulated Statutory Reserves percentage of average Deposits during the reporting period from the 16th day through the 23rd day of the previous month;
- b. the daily Statutory Reserves for the reporting period from the 8th day through the 15th day of the month is the stipulated Statutory Reserves percentage of average Deposits during the reporting period from the 24th day through the end of the previous month;
- c. the daily Statutory Reserves for the reporting period from the 16th day through the 23rd day of the month is the stipulated Statutory Reserves percentage of average Deposits during the reporting period from the 1st day through the 7th day of the same month;
- d. the daily Statutory Reserves for the reporting period from the 24th day through the end of the month is the stipulated Statutory Reserves percentage of average Deposits during the reporting period from the 8th day through the 15th day of the same month.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory.

Article 9

For a Bank conducting conventional business and also conducting business based on sharia principles, the Demand Deposit Account balance of the Bank is the Account balance of the Sharia Division.

Article 10

Article 10

Paragraph (1)

For a Bank conducting conventional business and also conducting business based on sharia principles, Deposits are the Deposits reported by the Sharia Division.

Paragraph (2)

Letter a

“Demand deposits in rupiahs” is defined as the demand deposits component referred to in the elucidation of components of Rupiah Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Letter b

“Time deposits in rupiahs” is defined as the time deposits component referred to in the elucidation of components of Rupiah Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Letter c

“Savings deposits in rupiahs” is defined as the savings deposits component referred to in the elucidation of components of Rupiah Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Letter d

“Other liabilities in rupiahs” is defined as other liabilities to non-bank third parties as referred to in the elucidation of components of Rupiah Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Paragraph (3)

Paragraph (3)

Letter a

“Demand deposits in foreign currency” is defined as the demand deposits component referred to in the elucidation of components of Foreign Currency Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Letter b

“Time deposits in foreign currency” is defined as the time deposits component referred to in the elucidation of components of Foreign Currency Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Letter c

“Other liabilities in foreign currency” is defined as other liabilities to third parties, including banks, as referred to in the elucidation of components of Foreign Currency Deposits in the applicable Bank Indonesia regulations concerning Commercial Bank Periodic Reports.

Article 11

Paragraph (1)

The formula for calculation of the ratio of rupiah Financing to rupiah Deposits is as follows:

Total Financing

$$\frac{\text{Total Financing in rupiahs at the end of the reporting period 2 (two) reporting period previously}}{\text{Total Deposits in rupiahs at the end of the reporting period 2 (two) reporting period previously}} \times 100\%$$

The Ratio of rupiah Financing to rupiah Deposits as referred to above shall be based on the Financing and Deposits of the Bank as follows:

- a. the percentage of Statutory Reserves in rupiahs for the reporting period from the 1st day through the 7th day of the month shall be determined using the ratio of rupiah Financing to rupiah Deposits on the 23rd day of the previous month;
- b. the percentage of Statutory Reserves in rupiahs for the reporting period from the 8th day through the 15th day of the month shall be determined using the ratio of rupiah Financing to rupiah Deposits at the end of the previous month;
- c. the percentage of Statutory Reserves in rupiahs for the reporting period from the 16th day through the 23rd day of the month shall be determined using the ratio of rupiah Financing to rupiah Deposits on the 7th day of the same month; and
- d. the percentage of Statutory Reserves in rupiahs for the reporting period from the 24th day through the end of the month shall be determined using the ratio of rupiah Financing to rupiah Deposits on the 15th day of the previous month.

Paragraph (2)

Paragraph (2)

Data on Financing shall be obtained from the “Loans” account in the Commercial Bank Periodic Reports submitted by the Bank to Bank Indonesia.

Article 12

Self-explanatory.

Article 13

Self-explanatory.

Article 14

Paragraph (1)

“Days” are defined as working days.

The data used for the Indicated PUAS Rate of Return is the weighted average indicated rate of return for IMA Certificates listed on the PIPU.

The financial penalty for shortfall in Statutory Reserves in rupiahs is calculated as follows:

$$\frac{\text{Shortfall in Statutory Reserves} \times 125\% \times \text{Indicated PUAS Rate of Return} \times \text{days of non-compliance}}{360 \times 100}$$

Example 1, calculation of sanctions:

Bank A has a ratio of Financing to Deposits of 75% and average daily rupiah Deposits during the reporting period from the 8th day through the 15th day of January of Rp 2,000,000,000,000 (two trillion rupiahs).

The daily

The daily Statutory Reserves for the reporting period from the 24th day through the end of January is:

- a. 5% (five percent) of Rp 2,000,000,000,000 (two trillion rupiahs), i.e., Rp 100,000,000,000 (one hundred billion rupiahs), as referred to in Article 3 paragraph (1); plus
- b. 1% (one percent) of Rp 2,000,000,000,000 (two trillion rupiahs), i.e., Rp 20,000,000,000 (twenty billion rupiahs), as referred to in Article 3 paragraph (2).

The balance of the Rupiah Account of Bank A at Bank Indonesia on January 24 is Rp 100,000,000,000 (one hundred billion rupiahs) or 5% of Deposits in rupiahs, producing a shortfall in Statutory Reserves of Rp 20,000,000,000 (twenty billion rupiahs).

The Indicated PUAS Rate of Return on January 24 is 5% (five percent).

The financial penalty of Bank A for non-compliance with Statutory Reserves in rupiahs on January 24 is calculated as follows:

$$\frac{\text{Shortfall in Statutory Reserves} \times 125\% \times \text{Indicated PUAS Rate of Return} \times \text{days of non-compliance}}{360 \times 100}$$

$$\text{in this case}$$

$$\frac{\text{Rp 20,000,000,000} \times 1.25 \times 5 \times 1}{360 \times 100}$$

Example 2

Example 2, calculation of sanctions:

Bank B has a ratio of Financing to Deposits of 85% and average daily rupiah Deposits during the reporting period from the 8th day through the 15th day of January of Rp 800,000,000,000 (eight hundred billion rupiahs).

The daily Statutory Reserves for the reporting period commencing from the 24th day through the end of January is 5% (five percent) of Rp 800,000,000,000 (eight hundred billion rupiahs) or Rp 40,000,000,000 (forty billion rupiahs), as referred to in Article 3 paragraph (1).

The balance of the Rupiah Account of Bank B at Bank Indonesia on January 24 is Rp 20,000,000,000 (twenty billion rupiahs) or 2.5% of Deposits in rupiahs, producing a shortfall in Statutory Reserves of Rp 20,000,000,000 (twenty billion rupiahs).

The Indicated PUAS Rate of Return on January 24 is 5% (five percent).

The financial penalty for shortfall in Statutory Reserves in rupiahs for Bank B on January 24 is calculated as follows:

$$\frac{\text{Shortfall in Statutory Reserves} \times 125\% \times \text{Indicated PUAS Rate of Return} \times \text{days of non-compliance}}{360 \times 100}$$

$$360 \times 100$$

in this case

$$\frac{\text{Rp 20,000,000,000} \times 1.25 \times 5 \times 1}{360 \times 100}$$

$$360 \times 100$$

Paragraph (2) ...

Paragraph (2)

Example 1, calculation of sanctions:

Bank A has a ratio of Financing to Deposits of 75% and average daily rupiah Deposits during the reporting period from the 8th day through the 15th day of January of Rp 2,000,000,000,000 (two trillion rupiahs).

The daily Statutory Reserves for the reporting period from the 24th day through the end of January is:

- a. 5% (five percent) of Rp 2,000,000,000,000 (two trillion rupiahs), i.e., Rp 100,000,000,000 (one hundred billion rupiahs), as referred to in Article 3 paragraph (1); plus
- b. 1% (one percent) of Rp 2,000,000,000,000 (two trillion rupiahs), i.e., Rp 20,000,000,000 (twenty billion rupiahs), as referred to in Article 3 paragraph (2).

The balance of the Rupiah Account of Bank A at Bank Indonesia on January 24 is Rp -100,000,000,000 (minus one hundred billion rupiahs), producing a shortfall in the Statutory Reserves requirement of Rp 120,000,000,000 (one hundred and twenty billion rupiahs) and a negative balance of Rp -100,000,000,000 (minus one hundred billion rupiahs).

The Indicated PUAS Rate of Return on January 24 is 5% (five percent).

The financial penalty for shortfall in Statutory Reserves in rupiahs for Bank A on January 24 is calculated as follows:

$$\begin{aligned} & \text{Shortfall in Statutory Reserves} \times 125\% \times \text{Indicated} \\ & \text{PUAS Rate of Return} \times \text{days of non-compliance} \end{aligned}$$

$$360 \times 100$$

in this case

- 25 -

in this case

$$\text{Rp } 120,000,000,000 \times 1.25 \times 5 \times 1$$

$$360 \times 100$$

plus the product of 150% of the negative balance in the Rupiah Account at Bank Indonesia multiplied by Indicated PUAS Rate of Return according to the following formula:

$$\frac{|\text{Negative balance}| \times 150\% \times \text{Indicated PUAS Rate of Return} \times \text{days of non-compliance}}{360 \times 100}$$

in this case

$$\text{Rp } 100,000,000,000 \times 1.50 \times 5 \times 1$$

$$360 \times 100$$

Article 15

The data used concerning rate of return on 1 (one) month *mudharabah* investment deposits prior to distribution is the weighted average rate of return on 1 (one) month *mudharabah* time deposits prior to distribution, as listed on the PIPU.

Article 16

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

“Transaction rate” is defined as the selling rate plus buying rate divided by two.

Article 17

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

The data used for the Indicated PUAS Rate of Return is the weighted average indicated rate of return for IMA Certificates listed on the PIPU.

Example:

The date is September 2, 2004:

The balance of the rupiah account of Bank A is Rp 100

The financial penalty for shortfall in Statutory Reserves is Rp 120.

The additional financial penalty is thus:

$$(120-100) \times 150\% \times \text{Indicated PUAS Rate of Return} \times (1/360)$$

The date is September 3, 2004:

The balance of the rupiah account of Bank A is Rp 80

The financial penalty for shortfall in Statutory Reserves is Rp 130.

The additional ...

The additional financial penalty on September 3, 2004, is thus only:
 $(130-80) \times 150\% \times \text{Indicated PUAS Rate of Return} \times (1/360)$

without calculating the amount of the additional financial penalty on
September 2, 2004, that could not be settled by the bank.

Paragraph (5)

Self-explanatory

Article 18

Self-explanatory.

Article 19

Self-explanatory.

Article 20

Self-explanatory.